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## OFFSHORE ISLANDS

- Reduced Communist shelling of Quemoys
  last week (under 100 rds. a day). Most
  on Little Quemoy, where civilians now
  have housing problem (400-600 homes
  destroyed).
  - A. Communist practicing landings
    near Amoy--may be rehearsal or
    show of strength.

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- II. Nationalists at Quemoy have not attacked mainland targets since 28 September.
  - A. Taipei press claims US advised suspension: complains Communists thus have new "Yalu sanctuary" in Fukien, Formosa "re-neutralized."
  - B. Statements could lead to Peiping attack in belief US anxious avoid hostilities.
  - C. Danger could increase if
    Communists spot US force
    reduction in area.